

Senate Study Bill 3134 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON DANIELSON)

A BILL FOR

1 An Act concerning horse and dog racing, including medication
2 requirements and penalties, and exchange wagering.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

MEDICATION REQUIREMENTS AND FINES

Section 1. Section 99D.2, Code 2016, is amended by adding the following new subsection:

NEW SUBSECTION. 9A. *“Racing industry standards”* means the racing standards established by a standard-setting organization that has been formally recognized by both the commission and the Iowa horsemen’s benevolent and protective association.

Sec. 2. Section 99D.7, subsection 4, Code 2016, is amended to read as follows:

4. To adopt standards under which all race meetings shall be held ~~and~~, standards for the facilities within which the race meetings shall be held, and racing industry standards.

Sec. 3. Section 99D.7, subsection 19, Code 2016, is amended to read as follows:

19. To revoke or suspend licenses and impose fines ~~not to exceed one thousand dollars.~~ in the following amounts:

a. For a violation not involving medication of a horse or dog, an amount not to exceed one thousand dollars.

b. For a violation involving medication of a horse or dog, an amount not to exceed the following for the following designated periods:

(1) For a violation occurring during the period beginning July 1, 2016, and ending December 31, 2016, two thousand five hundred dollars.

(2) For a violation occurring during the period beginning January 1, 2017, and ending December 31, 2017, five thousand dollars.

(3) For a violation occurring during the period beginning January 1, 2018, and ending December 31, 2018, seven thousand five hundred dollars.

(4) For a violation occurring during the period beginning January 1, 2019, and ending December 31, 2019, ten thousand dollars.

(5) For a violation occurring on or after January 1,

1 2020, an amount not to exceed an amount as determined by
2 the commission consistent with racing industry standards for
3 medication violations.

4 Sec. 4. Section 99D.25, subsection 1, paragraph b, Code
5 2016, is amended to read as follows:

6 *b. "Numbing"* means the applying of ice or a freezing device
7 or substance to the limbs of a horse or dog within two hours
8 before the start of a race, or a surgical or other procedure
9 which was, at any time, performed in which the nerves of a
10 horse or dog were severed, destroyed, injected, or removed.
11 For purposes of this paragraph, ice is not a freezing device or
12 substance when used to reduce inflammation.

13 Sec. 5. Section 99D.25A, subsections 2 and 4, Code 2016, are
14 amended to read as follows:

15 ~~2. Phenylbutazone shall not be administered to a horse in~~
16 ~~dosages which would result in concentrations of more than five~~
17 ~~micrograms of the substance or its metabolites per milliliter~~
18 ~~of blood. In races recognized as graded stakes thoroughbred~~
19 ~~races, the The commission may establish restrictions on~~
20 ~~dosage amounts for phenylbutazone which would result in~~
21 ~~concentrations of less than five micrograms of the substance~~
22 ~~or its metabolites per milliliter of blood and its metabolites~~
23 which are consistent with racing industry standards.

24 4. If a test detects concentrations of phenylbutazone in
25 the system of a horse in excess of the level permitted in this
26 section, the commission shall assess a civil penalty fine
27 ~~against the trainer of at least two hundred dollars for the~~
28 ~~first offense and at least five hundred dollars for a second~~
29 ~~offense. The penalty for a third or subsequent offense shall~~
30 ~~be in the discretion of the commission in an amount as provided~~
31 for a medication violation in section 99D.7, subsection 19.

32 DIVISION II

33 EXCHANGE WAGERING

34 Sec. 6. Section 99D.11, subsection 6, paragraph a, Code
35 2016, is amended to read as follows:

1 a. All wagering shall be conducted within the racetrack
2 enclosure where the licensed race is held, except as provided
3 in paragraphs "b" and, "c", and "d".

4 Sec. 7. Section 99D.11, subsection 6, Code 2016, is amended
5 by adding the following new paragraph:

6 NEW PARAGRAPH. d. (1) For purposes of this paragraph "d":

7 (a) "*Advance deposit exchange wagering*" means a form of
8 exchange wagering in which an individual may establish an
9 account, deposit money into the account, and use the account
10 balance to pay for exchange wagering.

11 (b) "*Exchange wagering*" means a form of pari-mutuel wagering
12 in which two or more persons place identically opposing wagers
13 in a given market. The wagers may be based upon a selected
14 outcome occurring, or not occurring, in a given market.

15 (2) The commission shall authorize the licensee of the horse
16 racetrack located in Polk county to conduct advance deposit
17 exchange wagering through a licensed advance deposit wagering
18 operator subject to the requirements of this paragraph "d". An
19 exchange wager may be placed in person at a licensed racetrack
20 enclosure, or from any other location via a telephone-type
21 device or any other electronic means.

22 (3) Before granting an advance deposit wagering operator
23 licensee the authority to conduct advance deposit exchange
24 wagering, the commission shall enter into an agreement with
25 the licensee of the horse racetrack located in Polk county,
26 the Iowa horsemen's benevolent and protective association, and
27 the advance deposit wagering operator licensee for the purpose
28 of determining the charges and fees of any kind that may be
29 assessed or collected by a licensee authorized to conduct
30 advance deposit exchange wagering in connection with the
31 submission of any exchange wagers to the licensee by residents
32 of this state. The commission shall establish the term of the
33 exchange wagering privilege granted an advance deposit wagering
34 operator licensee. Such an advance deposit wagering operator
35 licensee shall accept exchange wagers on live races conducted

1 at the horse racetrack in Polk county from all of its account
2 holders if it accepts wagers from any residents of this state
3 for the purpose of exchange wagering.

4 (4) Of the net revenue, less all taxes paid and expenses
5 directly related to advance deposit exchange wagering incurred
6 by the licensee of the horse racetrack located in Polk county,
7 received through advance deposit exchange wagering, fifty
8 percent shall be designated for the horse purses created
9 pursuant to section 99D.7, subsection 5, and fifty percent
10 shall be designated for the licensee for the horse racetrack
11 located in Polk county.

12 (5) An unlicensed advance deposit wagering operator or an
13 individual taking or receiving exchange wagers from residents
14 of this state is guilty of a class "D" felony.

15 (6) Subsections 4 and 5 of this section shall not apply to
16 advance deposit exchange wagering.

17 Sec. 8. Section 99D.15, Code 2016, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 5. A tax of five percent is imposed on
20 exchange wagering revenues at each horse race meeting. The tax
21 imposed by this subsection shall be paid by the licensee to the
22 commission within ten days after the close of each horse race
23 meeting. For purposes of this subsection, "*exchange wagering*
24 *revenues*" means all charges and fees of any kind assessed or
25 collected by a licensee authorized to conduct advance deposit
26 exchange wagering pursuant to section 99D.11, subsection 6, in
27 connection with the submission of any exchange wagers to the
28 licensee by residents of this state.

29

EXPLANATION

30 The inclusion of this explanation does not constitute agreement with
31 the explanation's substance by the members of the general assembly.

32 This bill concerns Code chapter 99D relating to pari-mutuel
33 wagering on horse and dog races.

34 Division I concerns medication requirements for a horse or
35 dog involved in racing.

1 Code section 99D.2 is amended to define "racing industry
2 standards" as the racing standards established by a
3 standard-setting organization recognized by the racing and
4 gaming commission and the Iowa horsemen's benevolent and
5 protective association. The bill authorizes the commission to
6 adopt racing industry standards.

7 Code section 99D.7(19), concerning fines imposed by the
8 commission, is amended. Current law provides that the maximum
9 fine for all violations is \$1,000. The bill provides that the
10 maximum fine for a violation not involving medication of a
11 horse or dog is \$1,000. The bill provides that for a violation
12 involving medication of a horse or dog, the maximum fine is
13 \$2,500 from July through December of calendar year 2016, \$5,000
14 for calendar year 2017, \$7,500 for calendar year 2018, \$10,000
15 for calendar year 2019, and the amount as determined consistent
16 with racing industry standards beginning on or after January
17 1, 2020.

18 Code section 99D.25, concerning drugging or numbing, is
19 amended to provide that in defining numbing, ice is not a
20 freezing device or substance constituting numbing when used to
21 reduce inflammation.

22 Code section 99D.25A, concerning administration of
23 furosemide or phenylbutazone, is amended to provide that the
24 commission may establish restrictions on dosage amounts for
25 phenylbutazone consistent with racing industry standards
26 instead of specifying in the Code section the allowable
27 concentration levels of the substance. The Code section
28 is further amended to provide that the penalty assessed
29 against a trainer for a horse with an excess concentration of
30 phenylbutazone shall be a fine as provided for a medication
31 violation as established in the bill.

32 Division II of the bill permits exchange wagering. The bill
33 defines "exchange wagering" as a form of pari-mutuel wagering
34 in which two or more persons place identically opposing wagers
35 in a given market and defines "advanced deposit exchange

1 wagering" as exchange wagering through the establishment and
2 use of accounts. The bill permits advanced deposit exchange
3 wagering for the pari-mutuel licensee of the racetrack in Polk
4 county through an advance deposit wagering licensee. The bill
5 requires, before granting the authority to conduct advance
6 deposit exchange wagering, an agreement between the licensee of
7 the horse racetrack located in Polk county, the Iowa horsemen's
8 benevolent and protective association, and the advance deposit
9 wagering operator for the purpose of determining the charges
10 and fees of any kind that may be assessed in connection with
11 the submission of any exchange wagers to the licensee by
12 residents of this state. The bill further provides that of net
13 revenues derived from exchange wagering, 50 percent shall be
14 designated for horse purses and 50 percent shall be designated
15 for the horse racetrack licensee in Polk county. The bill
16 provides that an unlicensed advance deposit wagering operator
17 or an individual taking exchange wagers from Iowa residents on
18 races conducted at the horse racetrack in Polk county is guilty
19 of a class "D" felony.

20 Code section 99D.15 is amended to provide for a tax of 5
21 percent on "exchange wagering revenues", which is defined as
22 all charges and fees of any kind assessed or collected in
23 connection with the submission of any exchange wagers to the
24 licensee by residents of this state.